

# EXHIBIT 1

**UNITED STATES of AMERICA**  
**VS**  
**METHODIST LE BONHEUR HEALTHCARE, et al.**

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**CHUCK LANE**

**August 02, 2022**



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1 let me know when you're done.

2 **A. Okay.**

3 Q. Do you recall this e-mail?

4 **A. No.**

5 Q. Okay. Did anyone ask you to review the  
6 drug costs for potential savings associated with  
7 the 340B purchasing program in connection with  
8 the prospective transaction between Methodist and  
9 West?

10 **A. I won't attest to the back end of that**  
11 **question.**

12 **So obviously, Ron is asking me here to**  
13 **compare drug pricing to the 340B program for the**  
14 **first quarter of 2010.**

15 Q. And you told him that there was a  
16 savings of approximately 35 percent.

17 **A. Yes.**

18 Q. And that would only be associated with  
19 University.

20 **A. I'm not sure about that. I don't**  
21 **remember. It's been a couple days since then.**

22 Q. Would it have surprised you to be asked  
23 to look at the 340B savings across the entire  
24 Methodist cancer line as opposed to just  
25 University?

1 MR. ROARK: Object to the form.

2 **THE WITNESS: Very little surprises me**  
3 **anymore.**

4 **The answer is, I mean, he asked a**  
5 **question; I responded.**

6 BY MS. SWEET:

7 Q. The 340B savings were only going to be  
8 limited to Shelby County; is that right?

9 **A. That's what this said here.**

10 Q. Is that what actually happened during  
11 the course of the relationship?

12 **A. You know, I don't know the answer to**  
13 **that.**

14 Q. In 2019, for that time period of January  
15 and February, do you know whether the 340B  
16 savings relating to oncology were still -- were  
17 still admitted to Shelby County?

18 **A. I don't know the specifics there, no.**

19 Q. During that same 2019 time period where  
20 Chris McLean had retired and you were now the CFO  
21 of Methodist Le Bonheur and West was still  
22 entangled --

23 **A. For that minute.**

24 Q. -- for that minute, do you recall  
25 ever -- ever having any discussions about West's

1 use of locations for West -- West purposes that

2 were not related to Methodist?

3 **A. Just in the context of I knew there**  
4 **were -- so there were Methodist-owned locations,**  
5 **and there were a couple, I think, of**  
6 **non-Methodist-owned locations.**

7 Q. Okay.

8 **A. That's where that reconciliation came**  
9 **in.**

10 Q. Do you know if West was operating out of  
11 Wolf River?

12 MR. ROARK: Object to the form.

13 BY MS. SWEET:

14 Q. If West's business was operating out of  
15 Wolf River versus a Methodist related.

16 MR. ROARK: Same objection.

17 **THE WITNESS: So in 2019, the -- the**  
18 **clinical operations were Methodist operations.**

19 BY MS. SWEET:

20 Q. Did West have an office for its  
21 corporate business in Wolf River?

22 **A. Yeah. I'm not sure how exactly that all**  
23 **worked. But I am aware that reconciliation thing**  
24 **that they did to try to kind of pull apart, you**  
25 **know, what was and what was not Methodist-owned.**

1 Q. What reconciliation? What do you know  
2 about that? Tell me about it. Tell me  
3 everything you know about the reconciliation.

4 **A. Yeah.**

5 MR. ROARK: Object to the form.

6 **THE WITNESS: Kind of -- everything I**  
7 **know? I'm trying to -- I mean, I wasn't like**  
8 **directly involved. I never did it. Just vaguely**  
9 **that there was a reconciliation performed that**  
10 **basically was trying to -- or was getting, you**  
11 **know, some part of West -- West operations and**  
12 **paying Methodist back for some part of it again.**  
13 **I'm not real good on the detail of it.**

14 BY MS. SWEET:

15 Q. Okay. Would Chris McLean be able to  
16 tell me about that?

17 **A. I'm sure.**

18 Q. Are you aware of any lease back that  
19 West had with Methodist -- Methodist for any of  
20 the locations?

21 **A. I don't know what "lease back" means.**

22 MR. ROARK: Object to the form.

23 BY MS. SWEET:

24 Q. Okay. Are you aware of any lease  
25 between Methodist and West?

1 **THE WITNESS: Yeah. So it was a program**  
2 **led by UT Cancer Institute at that time.**

3 BY MS. SWEET:

4 Q. So you said, "it's too early to tell if  
5 the trend in first quarter is really a long term  
6 trend other than the oncology business."

7 And so what is the trend that you're  
8 referring to?

9 **A. I have no idea from 2012. Yeah, I don't**  
10 **know.**

11 Q. You're looking at the volume being down  
12 and you're looking at the numbers being down; is  
13 that right?

14 **A. Well, it looks like this is some sort of**  
15 **case mix review. Again, I mean, I don't know.**  
16 **We'd have to go back and figure out what the**  
17 **context of the conversation was.**

18 Q. Do you know who Rose Wallace is?

19 **A. I do.**

20 Q. Who is she?

21 **A. She is the -- I'll her butcher her title**  
22 **specifically here, but she is in the revenue**  
23 **cycle leadership team. She is a director of**  
24 **billing services, financial billing services. I**  
25 **don't know what her title is, but she's in the**

1 **billing department.**

2 Q. Is that just for University or was that  
3 for Methodist Le Bonheur?

4 **A. So it's for -- she would have been over**  
5 **the Methodist Le Bonheur revenue cycle, but**  
6 **really that's just the adult -- I'm sorry -- the**  
7 **hospital section. So it's inpatient and**  
8 **outpatient, but hospital services, so not**  
9 **clinical -- not clinic or physician practice**  
10 **billing.**

11 MR. ROARK: Kara, when you get to good  
12 spot, can we --

13 MS. SWEET: Yeah. We can do -- we can  
14 do it now, if you want. That's fine.

15 THE VIDEOGRAPHER: Going off the record  
16 at 10:03 a.m.

17 (WHEREUPON, A RECESS WAS TAKEN FROM  
18 10:03 A.M. UNTIL 10:20 A.M., AT WHICH TIME THE  
19 DEPOSITION CONTINUED AS FOLLOWS:)

20 THE VIDEOGRAPHER: All right. I'm back  
21 on. It's 10:20 a.m.

22 BY MS. SWEET:

23 Q. I would like to mark as Exhibit 75, an  
24 e-mail from Erich Mounce to Chris McLean with a  
25 copy to you, Chuck Lane, dated May 13th, 2013,

1 MLH\_131426 and 27.

2 **A. Okay.**

3 (WHEREUPON, THE DOCUMENT WAS MARKED AS  
4 EXHIBIT NO. 75 TO THE TESTIMONY OF THE WITNESS  
5 AND IS HERETO ATTACHED.)

6 BY MS. SWEET:

7 Q. Let me know when you're done reviewing.

8 **A. Okay. Okay.**

9 Q. Do you recall there being a concern over  
10 the radiation oncology referrals?

11 **A. I do not recall that.**

12 Q. Okay. And do you -- were you asked to  
13 extend the hours at University in order to treat  
14 more patients with radiation oncology therapy?

15 **A. I don't remember being asked that. It**  
16 **is certainly possible.**

17 Q. Does it appear that the hours were  
18 extended at University in order to treat more  
19 patients?

20 **A. It looks like Erich's responding that**  
21 **they've agreed to extend the hours at University.**

22 Q. Did you track the amount of referrals  
23 from West to University for radiation oncology  
24 therapy?

25 **A. No. We don't really track referrals**

1 **that way.**

2 Q. How do you track referrals?

3 **A. We don't track referrals.**

4 Q. Are you sure about that?

5 **A. Yeah.**

6 Q. Do you track -- do you --

7 **A. I guess track's a tricky word. But I**  
8 **mean, yeah, as a matter of normalcy, we don't**  
9 **track referrals.**

10 Q. Do you have reports that reflect the  
11 number of referrals from West -- from oncologists  
12 to University?

13 **A. We have the ability to run a report to**  
14 **show volume, so discharges, patients, those sorts**  
15 **of things.**

16 Q. Do you do that?

17 **A. From time to time, we will run a report**  
18 **for whatever reason. I mean, a business plan, a**  
19 **capital purchase or whatever.**

20 Q. Do you run reports --

21 **A. To show volume, yeah, for any specific**  
22 **service.**

23 Q. Okay. Do you run reports to show the  
24 amount of patients that are being treated at  
25 Methodist as compared to Baptist?

1 purchase in conjunction with West's, you know,  
2 needs and direction. It doesn't mean my approval  
3 was final.

4 Q. What is the MLC Collimator?

5 A. The what?

6 Q. The MLC Collimator, C-O-L-L-I-M-A-T-O-R.

7 A. Collimator. I'm no technical expert.

8 There's something that's called a Collimator,  
9 Collimotor, that's a piece of a linear  
10 accelerator, I believe. But I'm no equipment  
11 expert.

12 Q. Do you know how much linear accelerators  
13 cost?

14 A. Not in exact dollars, no.

15 Q. Was it over a million?

16 A. I would speculate over a million.

17 Q. Five million?

18 A. I think it would be less than five  
19 million, depending on -- I suppose depending on  
20 what all bells and whistles and its capabilities.  
21 So there's probably linear accelerators out there  
22 that are greater than that. There's probably  
23 some less than that.

24 Q. Is there a linear accelerator at  
25 University today?

1 A. Yes.

2 Q. Was that -- was that purchased during  
3 the time period when Methodist and West had a  
4 relationship?

5 A. I don't know exactly when those were  
6 purchased, but -- you know, I don't know exactly  
7 when those were purchased. I believe at least  
8 one of them were.

9 Q. Mark as Exhibit 77 an e-mail from you to  
10 Teresa Reed, copying Erich Mounce, West\_0020229  
11 dated June 11th, 2014 -- through 305. []

12 (WHEREUPON, THE DOCUMENT WAS MARKED AS  
13 EXHIBIT NO. 77 TO THE TESTIMONY OF THE WITNESS  
14 AND IS HERETO ATTACHED.)

15 BY MS. SWEET:

16 Q. Let me know when you're done reviewing.

17 A. Okay.

18 Q. What does "West Clinic routine capital"  
19 refer to?

20 A. So each year, we have a pool of capital  
21 that we allocate to our facilities for -- to buy  
22 capital equipment or make renovations with. Each  
23 facility gets an amount that's discussed and  
24 belabored. So it is not a flat fixed amount  
25 every year, but a portion of a total pool.

1 University would have gotten a bucket or a  
2 routine capital allocation. South, North,  
3 Germantown, Le Bonheur, West Cancer would have  
4 all gotten a pool of money that is earmarked for  
5 their what we would call routine.

6 So it is typically, you know, to  
7 replacement items, something break, fix, or a  
8 renovation is needed, a facelift or something  
9 like that on a building.

10 Q. So why would West Clinic have money as  
11 part of this pool?

12 A. So the West Cancer Center, right, so the  
13 service line. It's Methodist healthcare's  
14 operations that has this allocation of money that  
15 is to be spent on Methodist Healthcare  
16 operations. It is just sort of called West  
17 Cancer.

18 Q. It says "West Clinic." Is that how it  
19 was referred to?

20 A. No. I mean, the service line was West  
21 Cancer. Anything like that referring  
22 specifically to West Clinic, I mean, it -- the  
23 cancer program, but always the service line, all  
24 of the operations that are Methodist are West  
25 Cancer.

1 Q. So the adult oncology service line had a  
2 routine capital?

3 A. Yeah.

4 Q. And that was referred to as The West  
5 Clinic routine capital?

6 A. Yeah. I mean, the nomenclature may be  
7 not good here, but West Cancer, it is all to be  
8 spent on Methodist assets.

9 Q. And so in this e-mail, it would be  
10 linear -- this is about routine capital to  
11 purchase linear -- one of the linear  
12 accelerators.

13 A. This looks like a piece of a linear  
14 accelerator.

15 Q. Okay. And that asset was going to  
16 reside at University.

17 A. Yes, on -- physically on the linear  
18 accelerator at University.

19 Q. What's the cancer Lift money?

20 A. It's the cancer -- I mean, I can  
21 generically tell you what we've heard or I've  
22 been involved with.

23 So as part of the affiliation agreement,  
24 there were dollars earmarked for UT, the  
25 University of Tennessee, that we referred to as

1 **Lift money.**

2 Q. Would UT have any role in using the  
3 linear accelerator?

4 **A. UT's physicians could have certainly**  
5 **used the -- put patients or had patients on the**  
6 **linear accelerator.**

7 Q. Where did the Lift money come from?

8 **A. Methodist funds.**

9 Q. Specifically, where did they come from  
10 in Methodist funds?

11 MR. ROARK: Object to the form.

12 **THE WITNESS: There's just one Methodist**  
13 **funds, so all Methodist funds are Methodist**  
14 **funds. One big bank account.**

15 BY MS. SWEET:

16 Q. I'm sorry.

17 Was it a percentage of revenue from the  
18 adult oncology service line?

19 **A. It's just Methodist money.**

20 Q. Just Methodist money. Didn't come from  
21 anyplace specifically.

22 **A. Just Methodist money.**

23 Q. Money is money.

24 **A. Money is money.**

25 Q. A lot of money was made from the

1 relationship between Methodist and West, right?

2 **A. I wouldn't say that. I mean, we make**  
3 **money as a hospital entity treating patients.**

4 Q. Right. But do you know how much money  
5 was made from the relationship between Methodist  
6 and West?

7 **A. Yeah. I don't think anybody knows what**  
8 **that answer is.**

9 Q. Millions?

10 **A. Again, we make money treating patients.**  
11 **I don't -- I don't understand the rest of your**  
12 **question.**

13 Q. Well, the hospital needs to make money  
14 in order to stay in business, right?

15 **A. Yes. We have to make money to stay in**  
16 **business.**

17 Q. Is the hospital presently in the black?

18 **A. No, we are not, as a matter of fact.**

19 Q. Were you last year?

20 **A. Again, I presume you mean in the black**  
21 **as having a positive margin. No, we did not last**  
22 **year have a positive margin --**

23 Q. Did the --

24 **A. -- operating margin.**

25 Q. Operating margin. The operating

1 margins -- did the margin improve for 2021 over  
2 2020?

3 **A. I don't know exactly. I think it was**  
4 **the total system health -- what we call the**  
5 **healthcare module. We could say "operating**  
6 **margin" is a more common term.**

7 **The system's operating margin, don't**  
8 **quote me on this, but I believe it was better in**  
9 **'20 than it was in '21.**

10 Q. Okay. And 2019 compared to 2020?

11 **A. 2019 was pre Covid.**

12 Q. Yeah.

13 **A. Pre Covid, the margins were better than**  
14 **2020 and beyond.**

15 Q. Were you in the black in 2019?

16 **A. We had a positive margin in 2019, yes.**

17 Q. You ever use the phrase "I'll believe it  
18 when I see it?"

19 **A. Yes.**

20 Q. Fairly often?

21 **A. I mean, sometimes.**

22 Q. Mark as Exhibit 78 an e-mail from Chris  
23 McLean to various people and CCed to Chuck Lane,  
24 dated June 23rd, 2014, MLH\_130621 through 24.

25 (WHEREUPON, THE DOCUMENT WAS MARKED AS

1 EXHIBIT NO. 78 TO THE TESTIMONY OF THE WITNESS  
2 AND IS HERETO ATTACHED.)

3 **THE WITNESS: It is long.**

4 BY MS. SWEET:

5 Q. Yeah. It is probably one of my longer  
6 ones, so fortunate.

7 Let me know when you're done looking.

8 **A. Okay.**

9 Q. Who is Chris Sanders?

10 **A. Chris Sanders is currently our chief**  
11 **financial officer at our Olive Branch campus.**  
12 **I'm not absolutely certain on dates, but at one**  
13 **point, he was the chief financial officer of our**  
14 **physician enterprise.**

15 Q. Okay. So you don't know in June 2014  
16 whether -- whether Chris was at Olive Branch or  
17 responsible for something else?

18 **A. I could speculate, but I'm not certain.**

19 Q. Did West Clinic have an outpatient  
20 pharmacy at the Humphreys Boulevard location?

21 **A. I believe they did.**

22 Q. Is there a document that authorizes them  
23 to run an outpatient pharmacy?

24 **A. I don't know the answer to that.**

25 Q. You're not -- sitting here today, are



1 you aware of anything?

2 **A. I don't know. I mean, there could have**  
3 **been, but I don't know.**

4 Q. Were you aware of -- did they operate an  
5 outpatient pharmacy at Wolf River Boulevard?

6 **A. Did they operate a pharmacy at Wolf**  
7 **River -- who is "they"?**

8 Q. West.

9 **A. West. I believe we had -- I believe we,**  
10 **Methodist, had a pharmacy location in that**  
11 **building.**

12 Q. Did West Clinic also have a pharmacy  
13 location?

14 **A. West Clinic? I don't know what West**  
15 **Clinic did or didn't have.**

16 Q. Where was the -- I guess, where was the  
17 infusion business at this time that is being  
18 referred to in here?

19 **A. Where was the --**

20 Q. Methodist infusion business that's  
21 referred to.

22 **A. So infusion --**

23 MR. ROARK: Object to the form.

24 **THE WITNESS: Yeah. Infusion happens in**  
25 **a lot of places in the Methodist system.**

1 BY MS. SWEET:

2 Q. So Chris Sanders here, at the second  
3 e-mail from the top, says, "FYI, moving our  
4 infusion business to West is a 950,000  
5 improvement to the system."

6 So do you know what that "our" refers  
7 to?

8 **A. You would have to ask Chris.**

9 Q. Okay. And "to West," that means -- is  
10 that The West Clinic service line?

11 **A. It's to a different -- well, I don't**  
12 **know. You'd have to ask Chris what this meant.**

13 Q. What is your understanding?

14 You received this e-mail. What is your  
15 understanding?

16 **A. Yeah. So I would have -- I would have**  
17 **thought we were physically going to do infusion**  
18 **in a different location, in a different one of**  
19 **our Methodist locations.**

20 Q. So moving it to an outpatient location.

21 **A. It may have already been in an**  
22 **outpatient location. So I don't know**  
23 **specifically what infusion business we're talking**  
24 **about here.**

25 Q. Okay. It says, "680,000 profit for

1 West." What is your understanding of that?

2 **A. It would just be a -- again, you'd have**  
3 **to ask Chris.**

4 Q. Well, you received this e-mail. What is  
5 your understanding of it?

6 **A. So I mean, to me this sentence reads**  
7 **that we were -- that we were -- that we were**  
8 **going to have a higher margin at Methodist after**  
9 **we -- after we relocated this business. And from**  
10 **the context of the e-mail relative to the 340B**  
11 **program, so our ability to buy the drugs at a**  
12 **discount creates more margin for Methodist.**

13 Q. So the margin will be for Methodist,  
14 even though it says, 680,000 profit for West.

15 **A. Yeah. The margin is Methodist's margin.**

16 Q. So internally, when the references to  
17 profits for West, that's the West outpatient  
18 locations that Methodist purchased?

19 MR. ROARK: Object to the form.

20 **THE WITNESS: It's for the service line.**

21 BY MS. SWEET:

22 Q. Okay. So it's still just being referred  
23 to as West even though it is Methodist.

24 **A. It was -- it was a location that --**  
25 **that -- that was part of the West Cancer Center,**

1 **if that helps.**

2 Q. So Mr. McLean seems skeptical of the  
3 margins increasing.

4 **A. You'd have to ask Chris what he meant,**  
5 **whether he was skeptical or not. But he did say**  
6 **he was believing it when he sees it, I think is**  
7 **the statement.**

8 Q. Do you know why he copied you on this  
9 e-mail?

10 **A. Not especially. No.**

11 Q. Is there anything in this document that  
12 was related to your role as CFO of the  
13 University?

14 **A. No. The only connection here was that**  
15 **the physician -- so the -- the way the clinic**  
16 **part of our organization -- organization was set**  
17 **up, the clinics have a margin associated within**  
18 **one clinic, 10 clinics, whatever we're talking**  
19 **about, have margins associated with them and**  
20 **those margins then get allocated out to the**  
21 **facilities, to the hospital inpatient facilities.**

22 So if we had a doctor's office that was  
23 at -- near the Germantown market, the margin  
24 associated with that clinic practice was then  
25 allocated back to the Germantown hospital. So

1 A. You know, he went on and on for, you  
2 know, a good half-hour. And there were always  
3 just these kind of conversations. It was so odd.  
4 It was like he was trying to get me to agree with  
5 him that Michael was an idiot and that Michael  
6 was going to wreck the system. But it was  
7 always, you know, the system's going in the  
8 tubes; Michael's going to, you know, lead it into  
9 the garbage, in the trash and destroy it;  
10 everything that used to be good about Methodist  
11 is not going to be good anymore now that Michael  
12 is running things, and I should really reconsider  
13 my professional pathway in the middle of a whole  
14 bunch of lewd and profane comments.

15 Q. Other than the telephone call that  
16 night, did Dr. Stern ever make reference to that  
17 call again with you?

18 A. No. He and I never discussed it.

19 Q. Did it end up impacting your  
20 professional pathways or what you decided to do?

21 A. No.

22 MR. ROARK: That's all I have.

23 MS. SWEET: Objection to the entire  
24 examination that Mr. Roark just took.

25 MR. ROARK: Noted.

1 THE COURT REPORTER: Ready to go off  
2 record?

3 MS. SWEET: Yes.

4 THE VIDEOGRAPHER: Go off at 3:24.

5 (OFF THE VIDEO RECORD.)

6 THE COURT REPORTER: Okay. I need to  
7 transcript orders on the record, please.

8 Do you need a rough draft?

9 MS. SWEET: No.

10 MR. ROARK: We'll take a rough draft.

11 MS. SWEET: I think y'all are pretty

12 quick.

13 MR. ROARK: We'll take a rough draft.

14 And then we'll take -- what are the other  
15 options?

16 THE COURT REPORTER: An expedited  
17 transcript or just regular turnaround?

18 MS. SWEET: Regular.

19 MR. ROARK: Yeah. Regular is fine.

20 THE COURT REPORTER: Okay.

21 (WHEREUPON, THE DEPOSITION CONCLUDED AT  
22 3:24 P.M.)

23 (SIGNATURE IS NOT WAIVED.)

24

25

# REPORTER'S CERTIFICATE

2 STATE OF TENNESSEE

3 COUNTY OF SHELBY

4 I, Valerie Hall Gilliam, CRR, RPR, LCR  
5 #456, Licensed Court Reporter, with offices in  
6 Memphis, Tennessee, hereby certify that I  
7 reported the foregoing deposition of Chuck Lane  
8 by machine shorthand to the best of my skills and  
9 abilities, and thereafter the same was reduced to  
10 typewritten form by me. I am not related to any  
11 of the parties named herein, nor their counsel,  
12 and have no interest, financial or otherwise, in  
13 the outcome of the proceedings.

14 I further certify that in order for this  
15 document to be considered a true and correct  
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20 will be in violation of Tennessee Code Annotated  
21 39-14-104, Theft of Services.

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